



**AUSTRALIAN LOGISTICS COUNCIL**  
COMMONWEALTH BUDGET SUBMISSION 2019-20

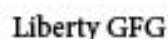


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## Why This Budget Matters

The 2019-20 Commonwealth Budget will be the last budget delivered prior to the release of the National Freight and Supply Chain Strategy.

ALC has been a consistent advocate for this Strategy. Our members understand that a national economy needs to adopt a consistent national approach to freight movement.

However, the best Strategy in the world counts for little if there are insufficient resources in place to support its delivery.

Given the high level of industry commitment to delivering an effective Strategy, ALC believes the government should use this budget as an opportunity to establish the right framework to support its implementation. Indeed, many salient recommendations have already been made by the Expert Panel while completing the *Inquiry into National Freight and Supply Chain Priorities*.

The priorities set out in this budget submission fall under two overarching objectives:

- Ensuring that those responsible for implementing the National Freight and Supply Chain Strategy have adequate resources; and
- Supporting specific infrastructure, regulatory and safety initiatives that will significantly enhance national supply chain efficiency and safety.

Accordingly, ALC has made recommendations to ensure that key Commonwealth agencies, as well as state and local governments (who will be vital to success of the Strategy) are supported to deliver much-needed reforms around planning, corridor protection, road pricing and data collection.

Separately, there are specific recommendations to support crucial infrastructure and regulatory initiatives. These include better freight rail linkages to ports, infrastructure to hasten uptake of electric vehicles in the freight sector, maintenance of the industry Master Code for heavy vehicle safety to the highest standards, and development of a National Rail Plan that will finally deliver the regulatory consistency the industry seeks.

The recommendations set out in this submission are drawn from ALC's continuing engagement with members and with industry participants. They touch on all modes of freight transport, and have relevance for every part of Australia and every Australian.

Implementing these recommendations as part of the 2019-20 Commonwealth Budget will significantly improve the efficiency and safety of Australia's supply chains, and help deliver a more effective National Freight and Supply Chain Strategy.

## Summary of Recommendations

The Australian Logistics Council (**ALC**) appreciates this opportunity to set out priorities for the freight industry as the 2019-2020 Commonwealth Budget is prepared.

Our recommendations fall under two categories:

- Ensuring that those responsible for implementing the National Freight and Supply Chain Strategy have adequate resources; and
- Supporting specific infrastructure, regulatory and safety initiatives that will significantly enhance national supply chain efficiency and safety.

Ensuring that those responsible for implementing the National Freight and Supply Chain Strategy have adequate resources	
Recommendation 1	Make incentive payments to State/Territory Governments to promote planning reforms that enhance supply chain efficiency and safety.
Recommendation 3	Fund a Freight Strategy and Planning Division at the Department of Infrastructure, Regional Development and Cities on an ongoing basis.
Recommendation 4	Establish a fund to help Local Governments develop co-ordinated urban freight plans.
Recommendation 7	Provide \$50 million to expand the Smart Cities and Suburbs Program.
Recommendation 14	Provide funds across the forward estimates to support the development of road pricing reforms capable of implementation on a national basis.
Recommendation 15	Establish a High Productivity Vehicle Infrastructure and Education Fund.
Recommendation 16	Ensure the National Transport Commission is adequately resourced to undertake the review of the Heavy Vehicle National Law.
Recommendation 18	Ensure the Bureau for Infrastructure, Transport and Regional Economics ( <b>BITRE</b> ) has adequate funding support to complete the Road Freight Telematics Data Project.

Supporting specific infrastructure, regulatory and safety initiatives that will significantly enhance national supply chain efficiency and safety	
Recommendation 2	Fund the development of a National Transport Corridor Protection Strategy.
Recommendation 5	Consider making a grant to a State or Territory Government to trial an urban freight consolidation centre in a major city.
Recommendation 6	Establish a \$5 million per annum Low Emission Vehicle Contestable Fund to support the increased use of electric commercial vehicles.
Recommendation 8	In relation to the Biosecurity Imports Levy: <ul style="list-style-type: none"> <li>(a) Remove the amounts to be recovered by the Biosecurity Imports Levy from the forward estimates; and</li> <li>(b) Complete a Regulatory Impact Statement on the imposition of a Biosecurity Imports Levy.</li> </ul>
Recommendation 9	In relation to Inland Rail: <ul style="list-style-type: none"> <li>(a) Commit to fully connecting Inland Rail to the Port of Brisbane and the Port of Melbourne via dedicated freight rail connections; and</li> <li>(b) Fund a review of rail links between Inland Rail and key regional ports in New South Wales.</li> </ul>
Recommendation 10	Fund a study examining how best to harmonise the environmental, workplace health and safety, workers' compensation and drug and alcohol testing regulations imposed on rail operators into a consistent national law.
Recommendation 11	Fund a review of the Office of the National Rail Safety Regulator ( <b>ONRSR</b> ), with the intention of expanding ONRSR's remit to include productivity issues.
Recommendation 12	Provide \$100,000 per annum to fund the maintenance of the ALC and ATA Master Code developed at the request of the National Heavy Vehicle Regulator.
Recommendation 13	Fund a feasibility study into establishing a Federal Office of Road Safety.
Recommendation 17	Fund development of a Freight Observatory.
Recommendation 19	Fund initiatives, including developing freight related curricula, to communicate the importance of freight to the community and policy-makers.

## Introduction

The Commonwealth Government is currently preparing the National Freight and Supply Chain Strategy (**the National Strategy**) for release in 2019.

The development of the National Strategy was announced in November 2016. In March 2017, the government tasked an Expert Panel with preparing a report outlining the freight industry's priorities and expectations for the National Strategy. This report – the *Inquiry into National Freight and Supply Chain Priorities* (**the Inquiry Report**) – was released in March 2018 after extensive industry consultation.

The Inquiry Report identified several priority areas for action, including:

1. A nation-wide, consistent and integrated approach to the Australian supply chain;
2. Better measuring freight performance;
3. Planning for current and future supply chain needs;
4. Acting now to ensure sufficient capacity; and
5. Communicating the importance of freight.

In May 2018, the Transport and Infrastructure Council (**TIC**) agreed a framework to develop the National Strategy. After further consultations, the government is positioned to release the National Strategy in 2019. This National Strategy will help to identify priorities for Australia over the next 20 years – a period in which the freight task is set to double.<sup>1</sup>

### **Why is this important?**

Freight and supply chain issues affect every Australian. The everyday goods that Australians buy, such as food, clothing, household appliances, all need to be transported by freight operators. Similarly, the freight supply chain provides the materials to build and operate critical community infrastructure - roads, hospitals and schools – which are fundamental to our society.

The converse is true for an unproductive and inefficient supply chain, which engenders lost export income, reduced employment, higher consumer prices and makes Australia less globally competitive.<sup>2</sup>

Without freight, commerce stops.

A productive, national and integrated approach to freight is required to reduce the cost of living and increase Australian competitiveness in the global market.

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<sup>1</sup> Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 5.

<sup>2</sup> Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 25.



## Delivering a Truly National Supply Chain

The Inquiry Report emphasises the need to take a consistent national approach to the development and regulation of Australia's freight network.

*"A national approach to freight that encompasses planning, infrastructure investment and regulation is important to maximise benefits to Australia and enhance its international competitiveness."*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 7.

The rationale for this is simple. Freight does not stop at state borders. A national approach will provide the consistency and co-ordinated decision-making that is needed to get freight moving more quickly and at lower cost.

Delivering on this vision should be a high priority for the Commonwealth Government.

### Incentive Payments for Planning Reform

ALC's ongoing engagement with its members and other industry participants consistently identifies planning issues as a priority.

A particular concern for industry is the diminishing quantity of industrial land available in proximity to key freight facilities (such as ports, airports, railways and intermodal terminals), coupled with a lack of action to preserve land for the future freight transport needs of a growing population – particularly in urban areas.

In essence, the needs of the freight logistics industry are losing out to residential interests when it comes to planning and development issues. Unless a better balance is struck, there will be negative consequences, as delays and rising supply chain costs are passed on to consumers.

This concern also featured prominently in the Inquiry Report, which observes:

*"... there is ongoing conflict between residential and industrial land uses, with the industry supporting better forward planning for freight infrastructure and early reservation of buffers and corridors to protect future investment..."*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 27.

The Inquiry Report further notes:

*"Conversion of former industrial areas near ports and airports has led to potential conflict between freight activities and residential development in freight corridors and near key terminals ..."*

*An example of the issue of diminishing industrial land occurred in Sydney in 2015, where 124 hectares of former industrial land in the Southern Sydney Employment Land precinct was rezoned to allow for residential and business uses."*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 38.



Problems such as those outlined above can only be rectified by ensuring that freight movement is prioritised in planning schemes – and by achieving greater consistency across jurisdictions in the approach to land use planning.

Planning powers are generally the responsibility of State/Territory Governments, and this constitutional reality must be recognised. However, the national imperative requires leadership from the Commonwealth including funding to incentivise best practice.

Through this budget, the Commonwealth Government has the opportunity to:

- Provide incentives to implement a nationally consistent policy to protect freight lands from residential and commercial encroachment;
- Fund the protection of future transport corridors; and
- Fund the recruitment and development of an experienced team of freight planners and freight transport specialists within the Department of Infrastructure, Regional Development and Cities (**DIRDC**). This will allow the Commonwealth to provide greater leadership in these key areas as the National Freight and Supply Chain Strategy is implemented.

In this scenario, incentive payments would be provided to a State/Territory Government on the proviso that agreed reforms are enacted.

For example, the 2017-18 Commonwealth Budget offered incentive payments to the NSW Government and relevant Local Governments to support reforms to accelerate housing supply in Western Sydney.

For the freight industry, incentive payments could be used to implement a nationally consistent freight protection planning policy. This policy would include:

- State/Territory Governments recognising, in their planning regimes, the importance of the Australian freight industry, and that any caps, curfews or other restrictions on the use of freight infrastructure and the movement of freight vehicles should be actively avoided;
- The development of – and adherence to – land separation policies that appropriately zone freight, commercial, industrial and residential lands, as well as policies to retain and protect lands identified as suitable for freight purposes; and
- A clear recognition that areas zoned as ‘freight lands’ are distinct from ‘industrial’ lands (which often still permit the construction and operation of large consumer facilities that create traffic congestion and inhibit supply chain efficiency).

### Recommendation 1

The Commonwealth Government make incentive payments to State/Territory Governments to promote planning reforms that enhance supply chain efficiency and safety

## A National Transport Corridor Protection Strategy

Infrastructure Australia underscored the importance of corridor protection in 2017 when it found close to \$11 billion could be saved on land purchases and construction costs for seven future infrastructure priorities listed on the Infrastructure Priority List.<sup>3</sup>

Five of the seven projects identified will have a direct bearing on the efficiency of freight delivery in Australia. This includes a future dedicated freight rail connection to the Port of Brisbane. Infrastructure Australia estimated that up to \$66 million in potential savings could be realised on this project alone through appropriate corridor protection measures.<sup>4</sup>

The development of a National Transport Corridor Protection Strategy will enable the Commonwealth Government to properly identify future transport corridors and begin to implement policies that can protect these corridors delivering savings on infrastructure costs for taxpayers, whilst simultaneously contributing to enhanced supply chain efficiency. These measures should include the acquisition of land to help protect key freight transport corridors from the effects of urban encroachment.

The Corridor Protection Strategy should also identify particular sites to be preserved for the construction of intermodal terminals and warehousing precincts. The construction of such facilities will be critical to servicing the freight needs of a growing population and addressing road congestion in Australia's major cities in the years ahead.

### **Recommendation 2**

The Commonwealth Government fund the development of a National Transport Corridor Protection Strategy.

## Commonwealth Freight Strategy and Planning Division

The Incentive Payment regime and National Transport Corridor Protection Strategy should be co-ordinated through the Department of Infrastructure, Regional Development and Cities (**DIRDC**). To achieve this, adequate funding must be provided to DIRDC, on an ongoing basis, to support the delivery of these much-needed initiatives, as well as the overall delivery of an effective National Freight and Supply Chain Strategy.

This funding proposal also aligns with recommendation 1.1 of the Inquiry Report, which states:

*"1.1 Fund the Department of Infrastructure, Regional Development and Cities to establish a dedicated freight and supply chain unit with responsibility for ongoing development and implementation of the National Strategy."*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 9.

<sup>3</sup> Infrastructure Australia, *Corridor Protection: Planning and investing for the long term* (2017), 5.

<sup>4</sup> Infrastructure Australia, *Corridor Protection: Planning and investing for the long term* (2017), 5.

### Recommendation 3

The Commonwealth Government fund a Freight Strategy and Planning Division at the Department of Infrastructure, Regional Development and Cities on an ongoing basis

#### Helping Local Government Develop Effective Freight Planning

Local Government plays a crucial role in ensuring the efficient operations of our supply chains. It is often municipal councils that manage roads and regulate access to warehouses, particularly for heavy vehicles.

However, councils are often not equipped with the personnel or resources needed to make effective decisions or ensure proper long-term planning. As a result, inconsistent decisions are too often made on matters such as vehicle access. These can adversely affect the movement of freight, add to operator costs and, ultimately, contribute to increased consumer prices and delays.

As is the case with State Governments, ALC believes the Commonwealth can play a leadership role by incentivising good practice and rewarding those jurisdictions that commit to achieving greater consistency in this area.

ALC supports the Commonwealth Government funding Local Governments to develop coordinated urban freight plans.

### Recommendation 4

The Commonwealth Government establish a fund to help Local Governments develop co-ordinated urban freight plans

#### Urban Freight

The Inquiry Report notes that:

*“Urban freight is growing faster than any other freight task in Australia, with all capital cities experiencing growth.”*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 6.

The increasing popularity of e-Commerce platforms is driving a significant uptake in the number of delivery vehicles operating in Australia, most particularly in major cities.

The Inquiry Report made a number of salient recommendations for improving urban freight that should be pursued by the Commonwealth Government.<sup>5</sup> In particular, it is likely that urban consolidation centres – where freight is strategically consolidated to deliver a more coordinated, multi-modal approach to delivery – will play a significant role in reducing urban freight traffic.

<sup>5</sup> Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 44.

As part of the 2019-20 Commonwealth Budget, the government should provide funding to a State/Territory Government (or a major metropolitan council) to trial a freight consolidation centre in a major city.

The results of such a pilot can provide a useful empirical basis for demonstrating the effectiveness of this form of freight infrastructure, and would help to encourage private sector investment in similar facilities at other locations.

**Recommendation 5**

The Commonwealth Government consider making a grant to a State or Territory Government to trial an urban freight consolidation centre in a major city

## Electric Vehicles

In June 2018 ALC established the Electric Vehicles Working Group (**the Working Group**).

The Working Group was developed to position the freight industry as Australia shifts to electric vehicles. Members of the Working Group are committed to working together to promote and increase the uptake of electric commercial vehicles in Australia.

### Low Emission Vehicle Contestable Fund

The budget can support the uptake of electric vehicles in the freight industry.

One of the first projects identified as being necessary is for the Commonwealth Government to implement a Low Emission Vehicles Contestable Fund (**the Contestable Fund**).

The Contestable Fund would provide funding to co-fund up to 50% of the purchase price of an electric vehicle. ALC believes such a fund could be established with \$5 million per year.

The fund is based on a similar model operated by the New Zealand Energy Efficiency and Conservation Authority (**EECA**). In New Zealand, the EECA has used the Low Emission Vehicle Contestable Fund to provide over \$18 million (NZD) to 100 projects since 2016. This includes funding for:

- The purchase of five electric vans to assess their suitability for widespread courier use;
- The purchase of two 10 tonne electric trucks and supporting charging infrastructure;
- Replacing two diesel trucks with electric vehicles for waste recovery; and
- Designing and developing an electric truck to shuttle dairy products in Hamilton.

### **Recommendation 6**

The Commonwealth Government establish a \$5 million per annum Low Emission Vehicle Contestable Fund to support the increased use of electric commercial vehicles.

### Smart Cities and Suburbs Program

The Smart Cities and Suburbs Program was announced in 2016. It is a \$50 million fund designed to support innovative projects that improve liveability, productivity and sustainability of Australian cities.

The first round of funding from this program, totalling \$27.7 million, was provided in November 2017. This funding supported 49 projects, including *Smart Move Newcastle* – a project designed to deliver (amongst other things) solar and battery powered electric vehicle charging points. Funding for electric vehicle charging infrastructure was also provided to Light Regional Council (South Australia) under Round One of the program.

In November 2018, the Minister for Cities, Urban Infrastructure and Population, Hon. Alan Tudge MP, announced \$21 million would be provided under this program to support 32 projects across Australia. With this announcement, the total pool of \$50 million in funding originally announced in 2016 has been allocated.

The response to the application process indicates there are still many projects that can be supported by the Commonwealth Government. For the second round of funding, the Commonwealth Government received 102 applications – demonstrating significant interest in the opportunities the program offers.<sup>6</sup>

There is a clear appetite for the Commonwealth Government to continue to fund innovative and sustainable solutions for our cities.

ALC supports the extension of the Smart Cities and Suburbs Program. A further \$50 million should be allocated to the initiative and allocated in November 2019 and November 2020.

### **Recommendation 7**

The Commonwealth Government provide \$50 million to expand the Smart Cities and Suburbs Program

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<sup>6</sup> See <https://infrastructure.gov.au/cities/smart-cities/index.aspx>

## Biosecurity Imports Levy

The 2018-19 Commonwealth Budget provided for a Biosecurity Imports Levy (**the Levy**) to be collected from 1 July 2019. This measure was announced without prior notice to industry.

The original proposal for the Levy, as indicated in the 2018-19 Budget, was for:-

*... a new levy on sea imports, **imposed on port operators** from 1 July 2019, to enable the Government to invest in measures that will help it detect, identify and respond to exotic pests and diseases earlier.*

*This measure will apply a **\$10.02 levy per twenty foot container** (or equivalent) and **non-containerised cargo will incur a levy of \$1 per tonne**. The levy will be payable on a quarterly basis. The levy is estimated to have a gain to revenue of \$360.0 million in fiscal balance terms over the forward estimates period. In underlying cash balance terms the measure has a gain of \$325.0 million over the forward estimates. The Department of Agriculture and Water Resources will administer the levy.*

*Existing fees and charges for border and biosecurity services will remain.<sup>7</sup>*

The Levy was predicated to raise \$115 million in 2019-20, \$120 million in 2020-21 and \$125 in 2021-22.

Since the Levy was announced, the Department of Agriculture and Water Resources (**DAWR**) has undertaken some engagement with industry to determine how the Levy would work. This has included a review of the pricing mechanism as well as the imposition point. Indeed, the last consultation hosted by DAWR presented industry with three different funding mechanisms collected from two different imposition points.

Though these discussions continue, industry has indicated it is still concerned that:

- The amount proposed to be collected is far in excess of the amount necessary to manage the biosecurity risks inherent in running sea cargo operations in Australia; and
- Revenue raised by the Levy is returned to Consolidated Revenue. Industry believes that any revenue raised by the Levy should be used exclusively for biosecurity measures on Australian sea cargo.

As the legislation implementing the proposed charge has yet to be introduced into Parliament and is unlikely that any relevant legislation will be both introduced and passed in 45<sup>th</sup> Parliament, ALC recommends:

- The amounts projected to be recovered by Biosecurity Imports Levy be removed from the forward estimates; and

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<sup>7</sup> Budget Paper 2 2018-19 (2018), 7.



- A proper Regulatory Impact Statement be prepared to determine whether the imposition of a biosecurity levy is the most effective way to fund the Commonwealth's biosecurity programs.

If the Levy is to proceed, ALC further recommends that:

- The Levy be determined according to standard cost recovery implementation formulae, so that only the amount necessary to provide services to manage the biosecurity risks inherent in the movement of sea freight is charged; and
- That any amounts raised be placed in a Special Account (as defined by the *Public Governance Performance and Accountability Act 2013*) with funds used solely for the purpose of providing services to manage the biosecurity risk inherent in the movement of sea freight.

### **Recommendation 8**

The Commonwealth Government:

- Remove the amounts to be recovered by the Biosecurity Imports Levy from the forward estimates; and
- Complete a Regulatory Impact Statement on the imposition of a Biosecurity Imports Levy.

## Rail

The Inquiry Report noted that rail will need to play a significant role to ease congestion caused by heavy vehicles delivering freight. The Inquiry Report stated:

*“Road transport will experience increased congestion and associated higher costs over the next 20 years. Investment in efficient rail freight connections to major ports and rail freight paths through metropolitan networks will take pressure off the road system.”*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 35.

### Inland Rail

The 2017-18 Commonwealth Budget committed to building Inland Rail – a once-in-a-generation freight rail project running from Melbourne to Brisbane.

ALC supports linking Inland Rail to the Port of Melbourne and the Port of Brisbane and providing efficient rail linkages to the ports of Botany, Kembla and Newcastle in New South Wales.

On current designs, Inland Rail will terminate at Acacia Ridge, approximately 30km south-west of the Port of Brisbane. To fully realise the national supply chain benefits of Inland Rail, it will be important to provide a dedicated freight rail link through to the Port (so that freight is not travelling on the same lines as passenger rail services).

Linking Inland Rail to the Port of Brisbane will improve the efficiency of freight delivery, with goods destined for the port not having to be loaded from rail to truck, or onto a shuttle rail (such as on the Beenleigh and Cleveland lines) at Acacia Ridge.

There are also safety and environmental benefits to improving the amount of freight delivered to ports by rail.

In much the same way as Brisbane, Inland Rail must efficiently connect with the Port of Melbourne via a dedicated freight rail link.

ALC is therefore calling on the Commonwealth Government to invest in:

1. Inland Rail connections to the Port of Brisbane and the Port of Melbourne; and
2. A review of existing rail links between Inland Rail and key ports in New South Wales.

### **Recommendation 9**

The Commonwealth Government:

- Commit to fully connecting Inland Rail to the Port of Brisbane and the Port of Melbourne via dedicated freight rail connections; and
- Fund a review of rail links between Inland Rail and key regional ports in New South Wales.

## National Rail Plan

During 2015, the government published a *Draft Freight Rail Policy Objectives Discussion Paper*. The Paper contained a recommendation from Ernst & Young that any national reform work focussed on freight rail prioritise:

- Harmonisation of all aspects of rail safety laws between states; and
- That where economic benefits exist, moving towards a single set of laws across jurisdictions governing environmental regulation, workplace health and safety, workers' compensation and drug and alcohol testing.<sup>8</sup>

The need for reform has not diminished in the near half-decade since. As the Inquiry Report stated in Recommendation 1.13:

*"1.13 Ensure standardisation and interoperability across rail networks, for example, train control and operating systems and rail gauge."*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 10.

A 2018 paper entitled *Review of Rail Access Regimes* published by DIRDC notes:-

### **4.1.3 Environmental requirements**

*Stakeholders noted that there are roughly 150 different environmental regulations that operators must comply with when operating rolling-stock between Perth and Brisbane. Each rail operator is required to comply with Environmental Management Plans (EMPs) and environmental licencing at a state level and each state has its own regulatory body that ensures compliance with these plans. The criteria specified in EMPs also vary widely between the states. This means that operators have to comply with changing environmental regulation and navigate multiple different administrative and regulatory processes.*

*Inconsistencies with systems, processes and technologies has a significant impact on costs of compliance for rail freight operators. For example, operators report that train drivers are required to carry three sets of route guides when moving between regional and metropolitan New South Wales (NSW), and be trained to drive across all three networks. Operators must invest substantial time and capital in training their drivers and crews to comply with the different systems, processes and technologies, and ensuring that their locomotives comply with the different operational requirements.<sup>9</sup>*

Years of malaise needs to be set aside. A single set of consistent national laws should be developed to regulate the movement of freight by rail in Australia.

The Commonwealth is currently developing a National Rail Plan.

<sup>8</sup> Australian Government *Australian Government's Freight Rail Policy Objectives* (2015), 24.

<sup>9</sup> <https://infrastructure.gov.au/rail/publications/files/Review-of-Rail-Access-Regimes.pdf>, 22.

The 2019-20 Commonwealth Budget should appropriate funds sufficient to allow the review of regulations originally proposed by Ernst & Young to the Commonwealth in 2015 to be conducted and the results reflected as part of the National Rail Plan.

### Recommendation 10

The Commonwealth Government fund a study examining how best to harmonise the environmental, workplace health and safety, workers' compensation and drug and alcohol testing regulations imposed on rail operators into a consistent national law.

#### Office of the National Rail Safety Regulator

The Office of the National Rail Safety Regulator (**ONRSR**) was created by the *Rail Safety National Law (South Australia) Act 2012*. ONRSR was established to:

- Encourage and enforce safe rail operations; and
- Promote and improve national rail safety.

ALC supported the creation of ONRSR and was engaged as the National Draft Rail Safety Law was discussed.

ONRSR was established as part of a Commonwealth policy designed to harmonise transport operations across Australia. In the road space, the National Heavy Vehicle Regulator (**NHVR**) was established in 2012.

However, there is one important difference between ONRSR and NHVR. The NHVR has a productivity mandate.<sup>10</sup> ONRSR, while playing an important role in national rail safety, does not have the responsibility for the productivity and efficiency of Australian rail operations.

ALC believes this should change. The budget should fund a review of the remit of ONRSR, with the intention of providing ONRSR with a productivity mandate.

### Recommendation 11

The Commonwealth Government fund a review of ONRSR, with the intention of expanding ONRSR's remit to include productivity issues

<sup>10</sup> See <https://www.nhvr.gov.au/files/201705-0533-nhvr-corporate-plan-17-20.pdf>, 5.

## Road

In 2016-17 the Australian road freight task equated to approximately \$228 tonne/kilometres.<sup>11</sup> This is up from \$202 billion tonne/kilometres just four years previously.<sup>12</sup>

Australia's road freight task is growing. It is vitally important therefore that our heavy vehicles can operate efficiently and safely.

### Funding to Maintain a Registered Industry Code of Practice

On 29 November 2018 ALC was pleased to see the National Heavy Vehicle Regulator (**NHVR**) launch the Master Code – a registered Industry Code of Practice under section 706 of the Heavy Vehicle National Law.

The Master Code was developed by industry – specifically the ALC in partnership with the Australian Trucking Association (**ATA**).

As the developers of the Master Code, ALC and the ATA have an obligation to ensure the Master Code remains current. This will primarily be required when changes are made to the Heavy Vehicle National Law (and associated regulations) and/or best practice guidelines.

ALC therefore seeks support from the Australian Government to set aside \$100,000 a year over the forward estimates to fund maintenance of the Master Code.

Funding should also be identified to consistently and effectively communicate the benefits of the Master Code to the industry.

### Recommendation 12

The Commonwealth Government provide \$100,000 per annum to fund the maintenance of the Master Code.

### Road Safety

As evidenced by its development of the industry Master Code for heavy vehicle safety, ALC takes a strong and proactive position when it comes to improving safety in the freight logistics industry and for all road users.

The Commonwealth Government's *National Road Safety Strategy 2011-2020* (**the National Road Safety Strategy**) is another vital initiative for enhancing the safety of our road networks.

ALC continues to support the National Road Safety Strategy and is pleased that from 2011 the number of fatalities from crashes involving heavy vehicles has reduced. However, ALC is also cognisant of the fact that Australia is currently not on track to meet the road safety targets agreed by governments in 2011.

<sup>11</sup> See Commonwealth Government, *Dashboards* (2019) at <https://app.powerbi.com/view?r=eyJrIjoibmY3MDA4ZTYtODRlNy00MzNjLTg2YmMtZWVjMWlyNmU4NmQzliwidCj6lmFhMjFjNjQwLWJhYzltNDU2ZC04NTA1LWYyY2MwN2Y1MTc4NCJ9>

<sup>12</sup> Ibid.

In its submission to the *Inquiry into the progress under the National Road Safety Strategy 2011-2020*, completed by the Commonwealth Government in 2018, ALC recommended:

1. The *Heavy Vehicle National Law* should require heavy vehicles to carry telematics equipment.
2. The *Heavy Vehicle National Law* should require heavy vehicle operators to meet a National Operating Standard.
3. Recurrent funding should be available to maintain and update a Registered Industry Code of Practice registered under section 706 of the *Heavy Vehicle National Law*.
4. The National Road Safety Strategy should encourage State and Territory Governments to adopt educational programs designed to educate light vehicle drivers how to safely interact with heavy vehicles. This can be enhanced by prioritising heavy vehicle education programs in the next round of funding provide through the NHVR Heavy Vehicle Safety Initiative.
5. There should be a nationally consistent classification of 'serious injury' with the Bureau of Infrastructure, Transport and Regional Economics publishing the number of serious injuries from heavy vehicle crashes in their quarterly *Fatal Heavy Vehicle Crashes Australia* bulletins.<sup>13</sup>

ALC continues to support these reforms, and encourages key Commonwealth agencies to progress these reforms in 2019 and 2020.

ALC also supports investigating whether it would be feasible to establish a Federal Office of Road Safety to progress and monitor the *National Road Safety Strategy 2011-2020* (and its replacement strategies).

ALC further suggests that the National Road Safety Governance Review, announced by the Deputy Prime Minister, in October 2018 would be bolstered by including representatives from industry on the review panel.

### **Recommendation 13**

The Commonwealth Government fund a feasibility study into establishing a Federal Office of Road Safety.

<sup>13</sup> See <http://www.austlogistics.com.au/wp-content/uploads/2018/03/ALC-Submission-Inquiry-into-the-progress-under-the-National-Road-Safety-Strategy-2011-2020.pdf>

## Heavy Vehicle Road Reform

The Inquiry Report noted that:

*“Road pricing reform is a long term micro-economic reform process agreed to by the Transport and Infrastructure Council and COAG, in response to the challenge of sustainable road related revenue and other shortcomings of current road management arrangements. The reform aims to improve productivity for the heavy vehicle industry by establishing a clear link between the needs of users, the charges they pay and the services they receive.”*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 31.

On 9 November 2018, the Transport and Infrastructure Council of COAG (**TIC**) discussed the need to continue work on heavy vehicle road reform.

To advance these reforms, TIC agreed to develop a nationally consistent service level standard for roads, to categorise roads by their function and set customer-focussed service levels for each road category.

The government is seeking advice from jurisdictions on how best to implement the concept of independent price regulation, with road funding provided on the basis of a forward-looking cost base, while considering the needs of users of less-travelled roads.

After decades of discussion, there is now greater understanding within industry and among governments than at any time previously about the importance of developing a new road pricing system capable of funding the roads of the 21<sup>st</sup> century.

National leadership is now required to move to the next stage and to bring make that system a reality.

This includes ensuring that DIRDC is sufficiently resourced to continue its work driving this important national reform – including working with industry on trials of new approaches to road pricing.

### **Recommendation 14**

The Commonwealth Government provide funds across the forward estimates to support the development of road pricing reforms capable of implementation on a national basis

ALC further advocates that, prior to the introduction of full market road reform, the Commonwealth Government should facilitate a High Productivity Vehicle Infrastructure and Education Fund.

This fund would allow local governments/road managers to apply for funding to upgrade infrastructure or commence community education campaigns to facilitate the movement of high productivity vehicles on key freight routes.



**Recommendation 15**

The Commonwealth Government establish a High Productivity Vehicle Infrastructure and Education Fund.

Heavy Vehicle National Law Review

On 21 January 2019 the Commonwealth Government released the Terms of Reference for a review of the Heavy Vehicle National Law. The review is being undertaken by the National Transport Commission (**NTC**).

Similar to our comments in this submission regarding the Office of the National Rail Safety Regulator, ALC supports the harmonisation of heavy vehicle laws and regulations across the country through the Heavy Vehicle National Law.

The review being undertaken in 2019 is a critical opportunity to enhance the way the HVNL operates and deliver further improvements to heavy vehicle safety. It is important to ensure the NTC is properly resourced to undertake the task, so that the process of industry engagement is comprehensive, and the review delivers the outcomes the industry needs.

**Recommendation 16**

Ensure the National Transport Commission is adequately resourced to undertake the review of the Heavy Vehicle National Law.

## Technology and Data

### Freight Observatory

A common concern expressed by many freight logistics industry leaders is the lack of meaningful data about the performance of Australia's supply chains. This concern was echoed by the Inquiry Report, which found there was limited national data to measure and benchmark performance.

*"The process of undertaking the Inquiry highlighted the lack of robust performance measurement data to benchmark Australian supply chains across states and with international competitors. The ability to understand which components of a supply chain are operating effectively, or are weak links, is critical to the task of focussing investment or reform to make effective change."*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 31.

The lack of data is concerning as it makes it difficult for governments to prioritise investments and accurately measure the impact of new policies or infrastructure investments. Many of the impacts noted by the Inquiry Report, including urban encroachment issues, can only be completely understood once a solid evidence base is built.

Data can also help the freight industry better utilise existing infrastructure, without requiring further infrastructure development. Indeed, a key point of emphasis in the Inquiry Report is the fact Australia cannot continue to build infrastructure alone as a means of increasing productivity.

The government has taken several important steps to increase the level of data available to the freight industry. This includes funding the development of a Transport Satellite Account by the Australian Bureau of Statistics in 2018.

Building upon this, the government should provide additional funding to support the development of a Freight Observatory in the 2019-20 Budget. This Freight Observatory would be responsible for:

- Measuring outcomes in the Australian supply chain;
- Developing performance indicators relating to the Australian supply chain;
- Collecting and cataloguing data in a manner that is compatible with appropriate Global Data Standards (GDS) to facilitate interoperability; and
- Providing information about the performance of the Australian supply chain to public and private decision makers.

### **Recommendation 17**

The Commonwealth Government fund development of a Freight Observatory

### Road Freight Telematics Data Project

ALC members have been cooperating with the Bureau for Infrastructure, Transport and Regional Economics (**BITRE**) and the Australian Bureau of Statistics (**ABS**) since 2016 on the Road Freight Telematics Data Project (**the Project**).

The Project is designed to develop experimental indicators for:

- Congested freight-significant network locations;
- Average travel speed of freight vehicles;
- Routes taken by freight vehicles;
- Origin and destination of freight vehicle movements; and
- Freight vehicle stop locations and durations.

The intention is to identify congested networks, key freight routes and average travel speed and travel times on key freight routes. Other outputs developed would include where, when and for how long freight vehicles are stopping and the amount of road freight activity.

The Project could also be used to define the most underserved routes for heavy vehicle rest areas – with BITRE publishing an annual list of the top 10 underserved routes.

ALC believes the Road Freight Telematics Data Collection Project is a worthwhile program that should be supported by the Commonwealth Government.

#### **Recommendation 18**

The Commonwealth Government fund the Bureau for Infrastructure, Transport and Regional Economics to complete the Road Freight Telematics Data Project

## Communicating the Importance Freight

The freight industry is concerned there is a lack of education and communication about the importance of freight.

Everything we eat, everything we wear and the products we use every day are delivered by freight operators.

The Inquiry Report noted that:

*“There needs to be a social licence for freight, and education and expectations that freight is a valued system contributing to community well-being and prosperity. Governments and industry need to collaborate for this to be realised.*

*Training and education courses must also teach matters relevant to freight related supply chains to ensure that future decision makers understand the implications of their decisions in future careers.”*

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 8.

In the 2019-20 Budget, the government should fund:

- A ‘value of freight’ web resource that can be used by industry and governments to highlight the contribution that the freight logistics industry makes to the Australian economy – and its impact on the everyday lives of Australians (possibly delivered by a partnership between DIRDC and peak industry bodies); and
- The development of curricula that comprise freight related topics for inclusion in relevant tertiary courses, such as planning, transport and environmental courses – helping to raise the profile of freight issues among the next generation of planners and decision-makers.

### Recommendation 19

The Commonwealth Government fund initiatives, including developing freight related curricula, to communicate the importance of freight to the community and policy-makers

## Conclusion

The 2019-20 Commonwealth Budget will be the final budget to be delivered prior to the release of the National Freight and Supply Chain Strategy by the Commonwealth in 2019.

It is imperative that the government use this opportunity to ensure that the agencies responsible for its delivery (chiefly DIRDC) are properly resourced to permit completion of that task.

Further, it is in the government's interest to use this Budget to establish policy mechanisms that will allow it to play a greater leadership role in encouraging greater supply chain efficiency – and to measure the impact of its freight infrastructure investments.

Initiatives such as the provision of incentive payments to jurisdictions that agree to adopt consistent approaches to land use planning are especially important in this regard.

Similarly, investing in the nation's capacity to gather meaningful data about the performance of its freight infrastructure and the performance of its supply chains will ultimately ensure future investments are better targeted, thus delivering greater benefits for taxpayers.

In summary, the government should view this Budget as an opportunity to establish the framework that will permit the smooth implementation of the National Freight and Supply Chain Strategy, and monitor its effectiveness.